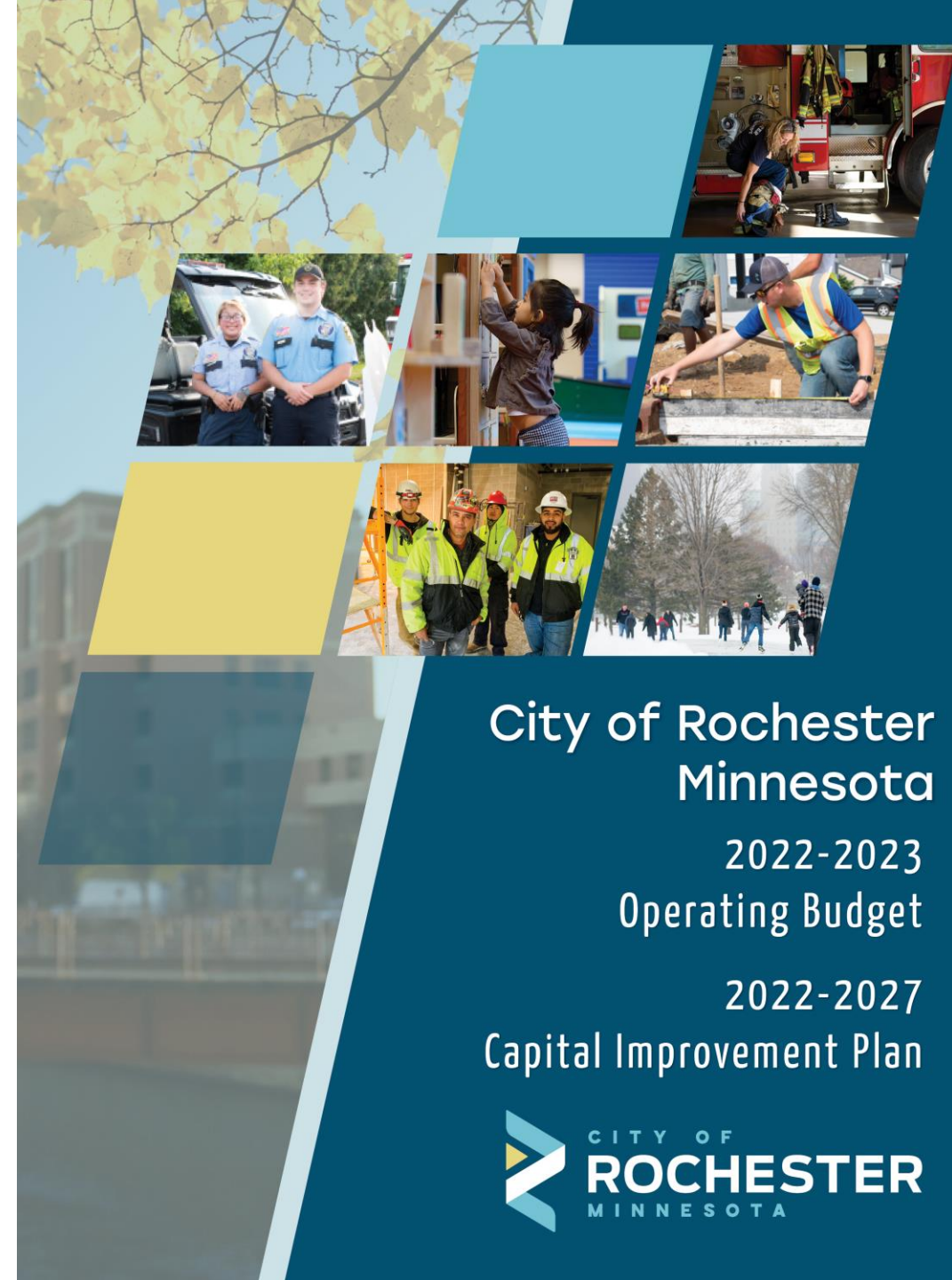




2022-2023 Operating Budget & 2022-2027 Capital Improvement Plan

September 20, 2021



City of Rochester
Minnesota

2022-2023
Operating Budget

2022-2027
Capital Improvement Plan



2022 Preliminary Tax Levy & Budget

- Preliminary Tax Levy \$86,823,881
- Preliminary Total Budget \$494.4 million

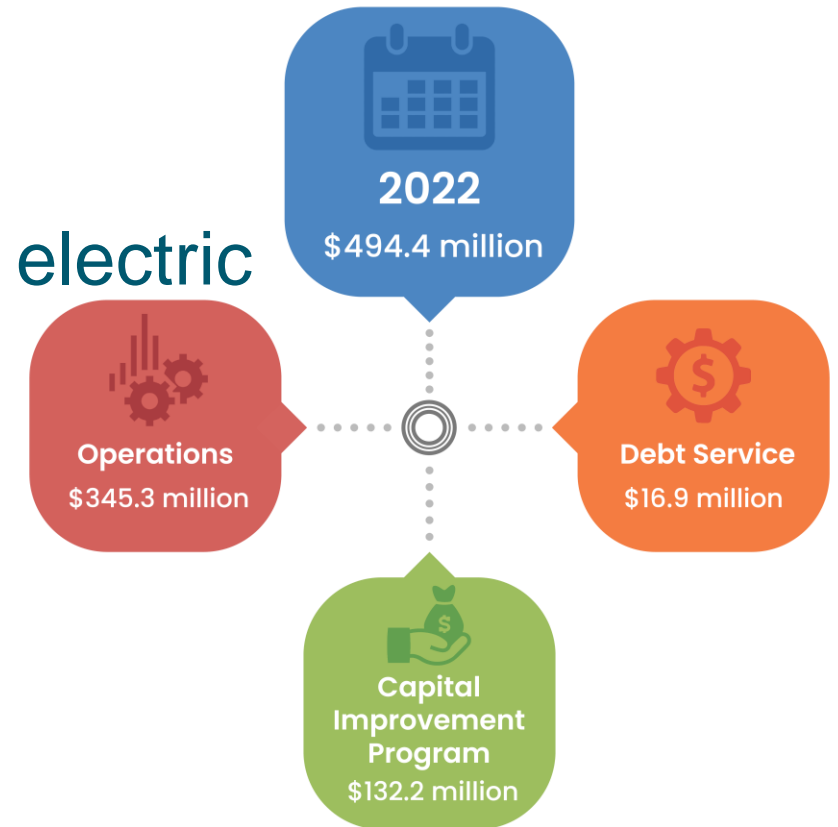


\$494.4 Million Budget

City of Rochester Budget 2022, inclusive of RPU

All Funds Combined

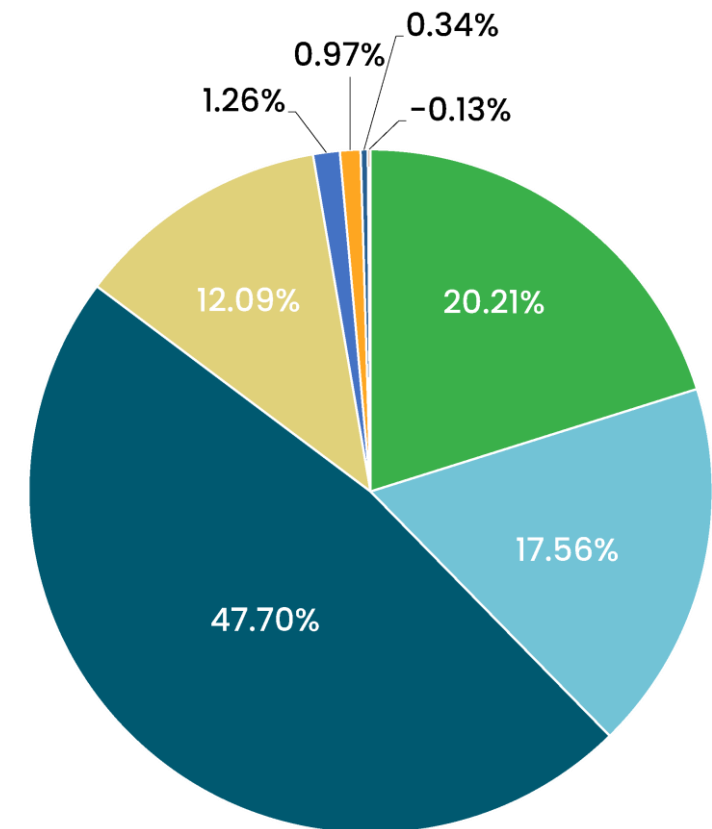
- **6.5%** tax levy increase
- **2.5%** general rate increase for water and electric
- **No** parking ramp or transit rate increases
- Transition to a two-year budget process



Where does the Money Come From?

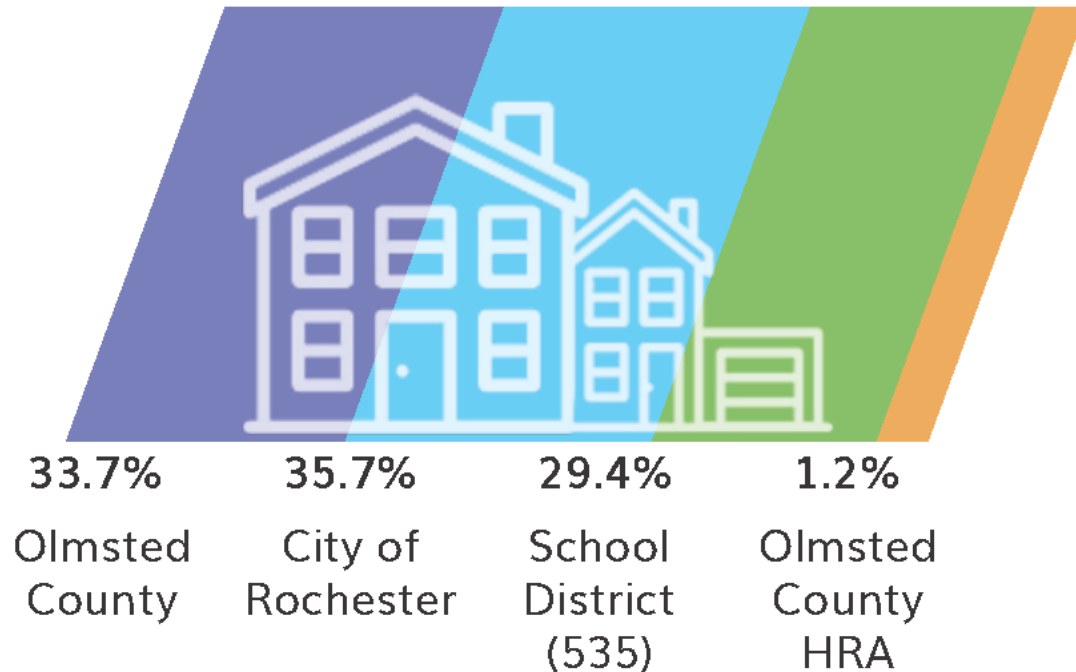
- Miscellaneous Revenue
- Taxes Ad Valorem
- Charges for Service
- Intergovernmental Revenue
- Other Taxes
- Licenses and Permits
- Special Assessments
- Prior Year Revenues/Fund Balance

2022 Total Operating Revenue,
inclusive of RPU

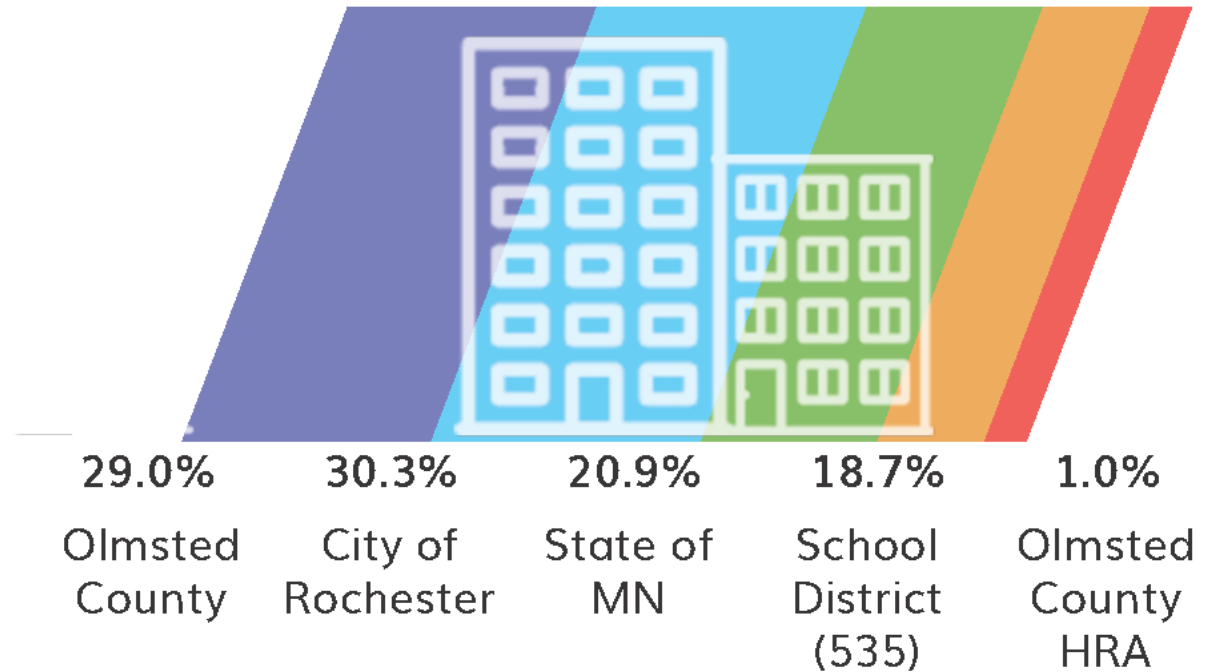


Property Tax Bill By Jurisdiction

Average Residential Home



Commercial/Industrial Property



Property Valuation Growth – Pay 2022

2022 Estimated Market

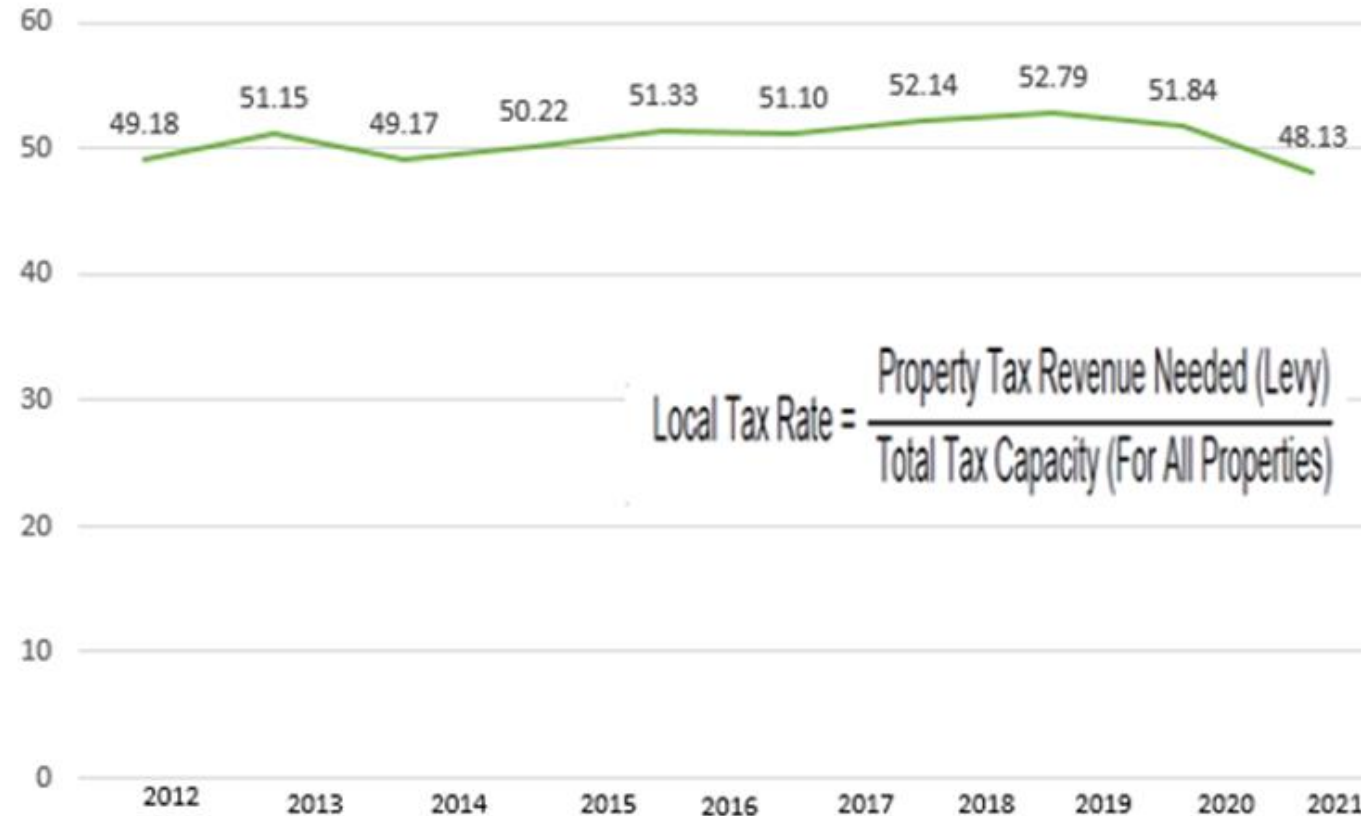
New Construction	+ 1.6 %
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Existing base appreciation	+ 2.9 %
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Estimate	+ 4.5 %
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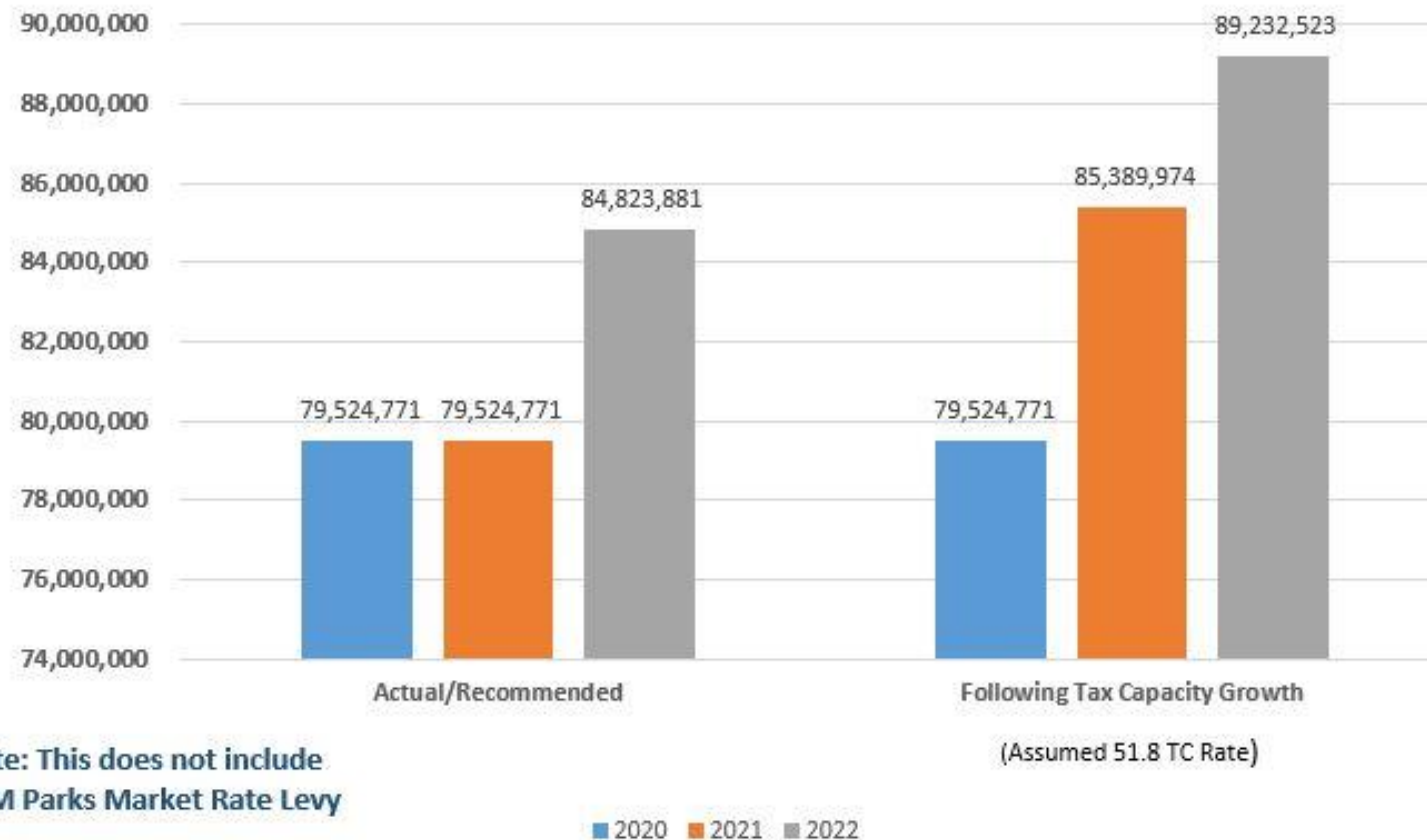


City of Rochester Property Tax Rates since 2012




"What If" - Flat Tax Rate instead of \$0 increase on 2021 due to pandemic?

Comparison of 2022 Recommended City Tax Levy vs. Fixed Tax Capacity Rate of 51.8%



"What if" the Levy was raised 3% in 2021 and No General Fund Reserves Used



2021 Levy would
have been
\$82,632,326

\$3.1M in additional
revenue available for
the 2022 Budget

The levy would be
3.8% less



Re-establishing Services to Pre-Pandemic Levels

2021 Reductions Reinstated in 2022-23 Recommended Budget (excluding RPU)

	2021 Approved Reductions	2021 Reductions Reinstated in 2022	2021 Reductions Reinstated in 2023	Remaining 2021 Reduction Amount
<u>Revenues:</u>				
General Fund revenue reductions	682,923	(556,623)	(70,795)	55,505
Hotel/Motel tax reduction in revenue	1,695,000	(366,480)	(407,121)	921,399
	<u>2,377,923</u>	<u>(923,103)</u>	<u>(477,916)</u>	<u>976,904</u>
<u>Expenditures:</u>				
General Fund expense reductions	(495,887)	42,437	16,500	(436,950)
Outside agency	(84,540)	-	-	(84,540)
11 frozen positions (5 reinstated in 2022 & 4 reinstated in 2023)	(1,124,284)	486,248	409,942	(228,094)
Overtime and benefits for General Fund	(543,268)	-	-	(543,268)
General Fund reductions across departments	(441,850)	131,749	98,714	(211,387)
Contributions - Experience Rochester & Sports Commission	(300,000)	-	300,000	-
Close the gap, fund from General Fund	(721,812)	-	-	(721,812)
Library reductions	(31,158)	-	-	(31,158)
Park & Recreation reductions	(187,033)	43,194	143,839	-
Airport reduction	(9,601)	9,601	-	-
In Lieu reductions	(45,186)	45,186	-	-
Capital Improvement Plan reductions	(3,489,007)	3,489,007	-	-
	<u>(7,473,626)</u>	<u>4,247,422</u>	<u>968,995</u>	<u>(2,257,209)</u>
Grand total	<u>(5,095,703)</u>	<u>3,324,319</u>	<u>491,079</u>	<u>(1,280,305)</u>



Long Range Financial Management Plan – Recommended Budget

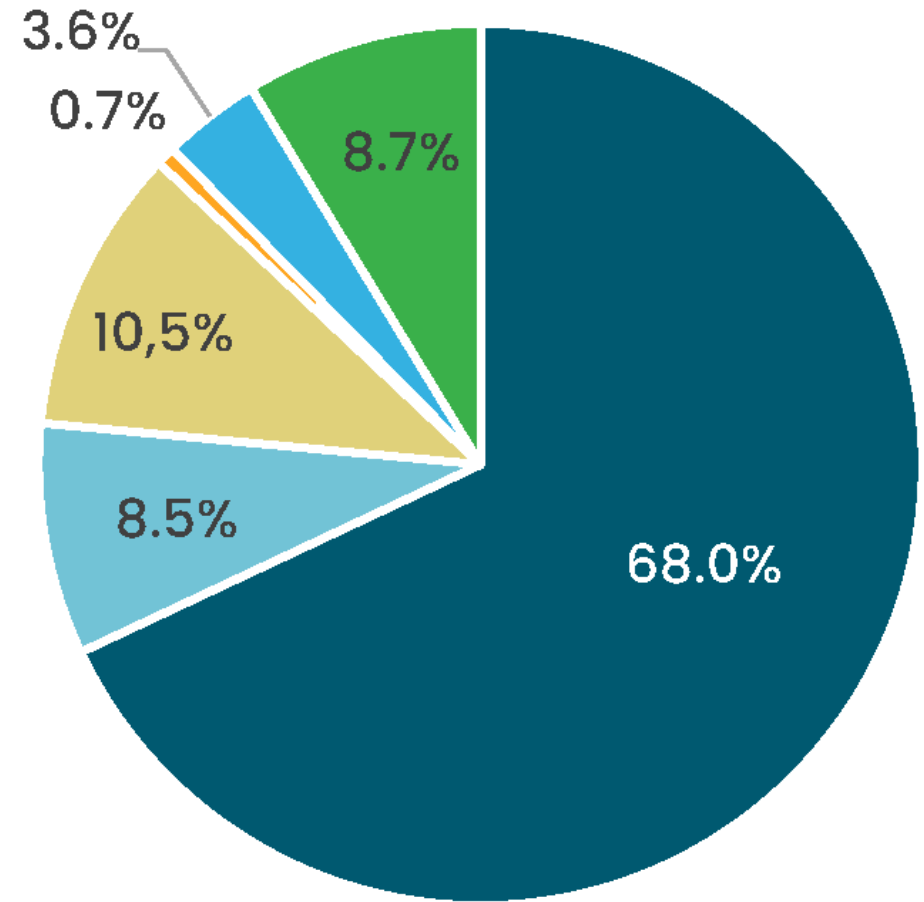
Projected Tax Levy						
Taxes Levied on Tax Capacity	2022	2023	2024	2025	2026	2027
Projected Levy for General Fund	(59,004,904)	(64,971,057)	(70,348,757)	(75,627,124)	(80,838,993)	(86,127,041)
Projected Levy for Library Fund	(7,390,959)	(7,032,769)	(7,341,531)	(7,665,330)	(8,004,968)	(8,361,293)
Projected Levy for Muni Rec System Fund	(9,093,378)	(9,505,873)	(9,899,940)	(10,313,562)	(10,747,817)	(11,203,844)
Projected Levy for Mayo Civic Center Fund	-	-	-	-	-	-
Projected Levy for F.E. Williams	-	-	-	-	-	-
Projected Levy for Airport Operations Fund	(580,682)	(531,582)	(439,775)	(343,872)	(243,699)	(139,079)
Projected Levy for Transit Fund	-	-	-	-	-	-
Projected Levy for EDA Administration	-	-	-	-	-	-
Projected Levy for Equipment Revolving Fund	-	-	-	-	-	-
Projected Levy for Info Technology Fund	-	-	-	-	-	-
Projected Levy for City Facilities Internal Service Fund	-	-	-	-	-	-
Projected Levy for Self Insurance Fund	-	-	-	-	-	-
Projected Levy for Construction Improvement Fund	(7,594,330)	(8,015,600)	(8,255,100)	(8,502,100)	(8,757,100)	(9,020,100)
Projected Levy for Debt Service	(3,159,628)	(3,163,610)	(3,163,050)	(3,168,449)	(3,168,689)	(3,174,363)
Projected Levy - Other	-	-	-	-	-	-
Total Projected Taxes Levied on Tax Capacity	(86,823,881)	(93,220,490)	(99,448,152)	(105,620,436)	(111,761,266)	(118,025,720)
% Change from Prior year	6.50%	7.37%	6.68%	6.21%	5.81%	5.61%

	2022	2023	2024	2025	2026
	Budget	Projection	Projection	Projection	Projection
Five Year Budget Stability	1,467,446	2,368,028	1,427,500	713,750	285,500



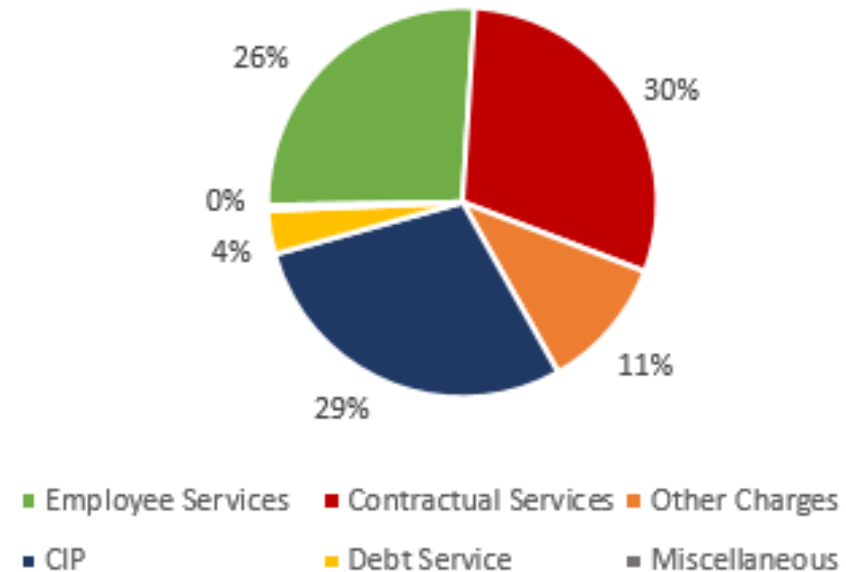
2022 Property Tax Distribution

- General Fund 68.0%
- Library 8.5%
- Parks and Rec 10.5%
- Airport 0.7%
- Debt/Internal Service 3.6%
- CIP 8.7%

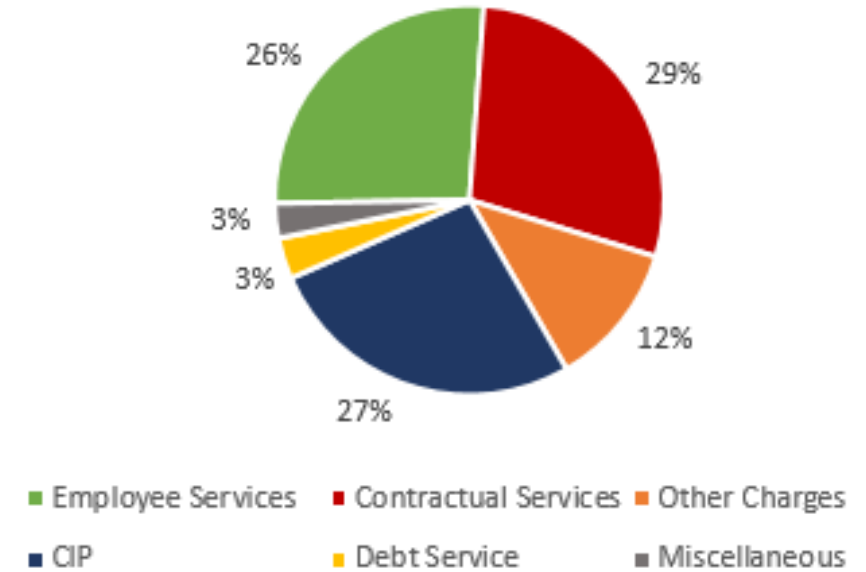


Expenditure Categories

2021 Adopted Budget

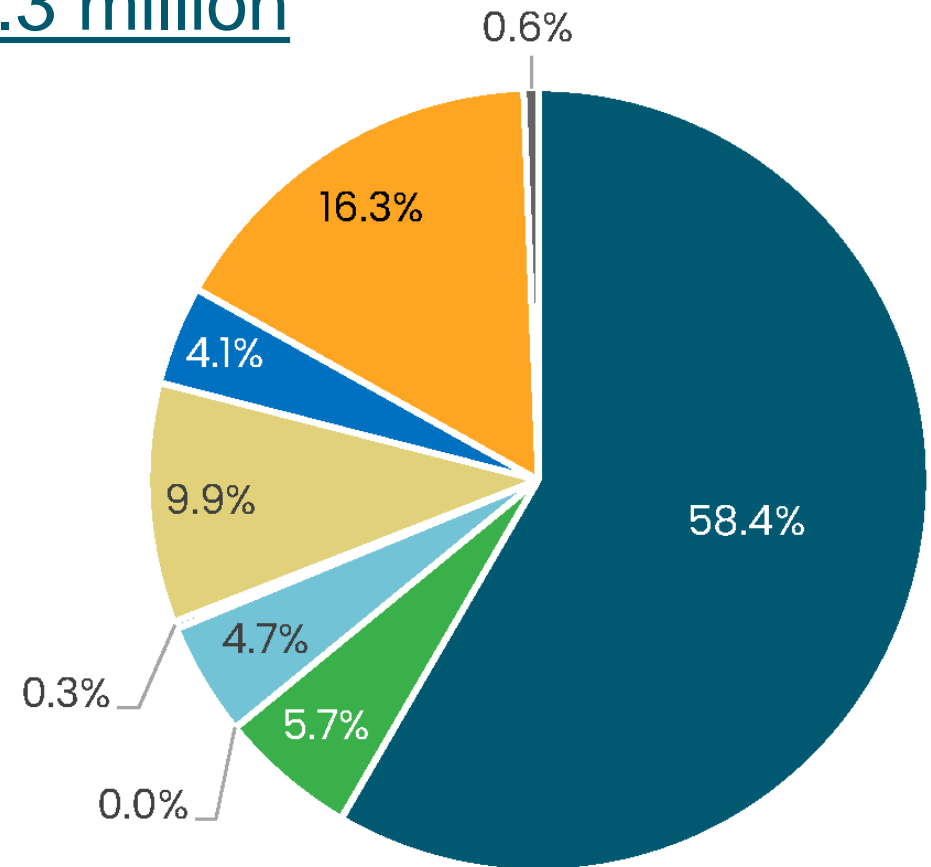
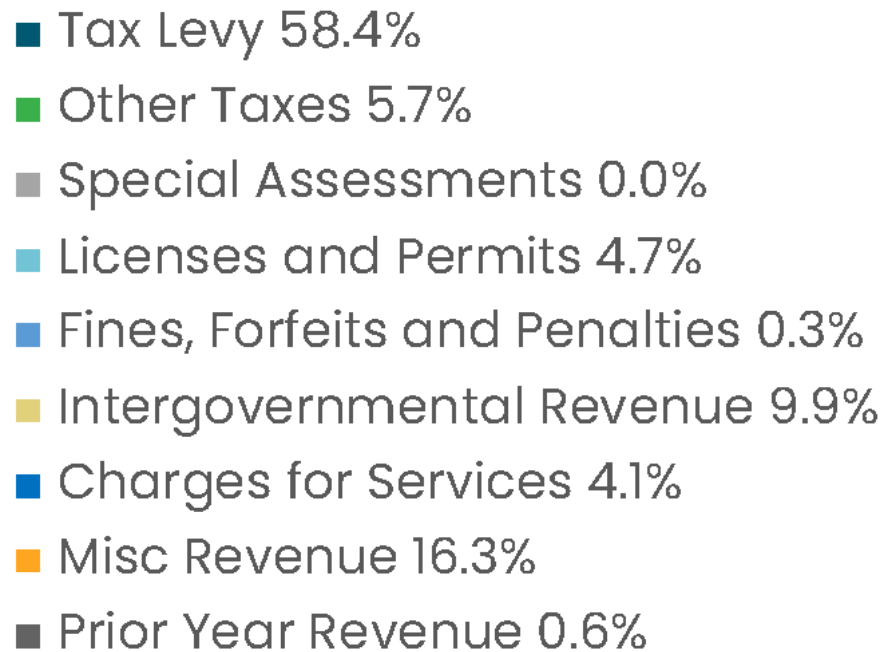


2022 Recommended Budget



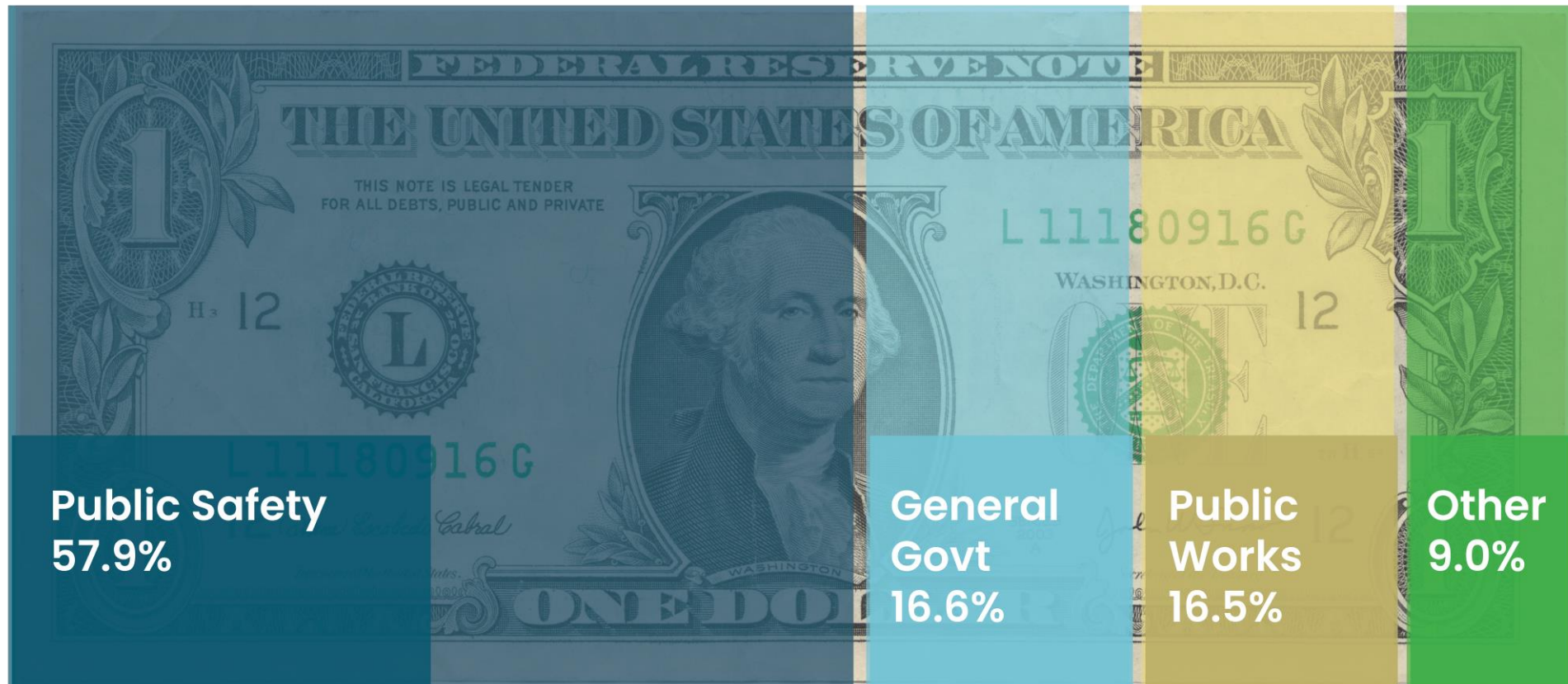
Where does the Money come from?

- 2022 General Fund Revenue: \$101.3 million



Where Does the Money Go?

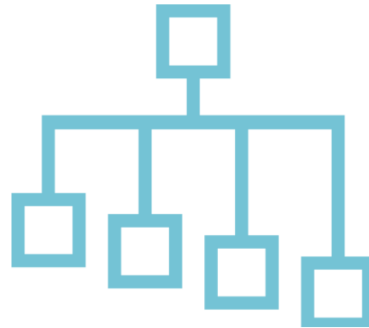
2022 General Fund expenses are \$4.3 million more than 2021



2022 CIP Projects



158 Projects



23 Categories



**\$132 Million
Total Investment**



2022 CIP Projects

Top 5 Funding Sources

There are 34 types of funding sources that can be used to fund a CIP Project



Electric Utility
\$24,904,000



State DMC
Funds
\$20,355,000



State Funds
\$11,930,000



Water Utility
\$10,527,000



Municipal State
Aid for Streets
\$9,635,000

